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Germany	20.00	Thailand	10.00	UK	20.00
Greece	20.00	Turkey	10.00	USA	20.00
Hong Kong	20.00	West Germany	10.00		
India	20.00				
Indonesia	20.00				

EUROPE'S BUSINESS NEWSPAPER

# FINANCIAL TIMES

JAPAN  
Shocks to the corporate system  
Section III

FT No. 31,504

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Monday July 15 1991

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World News Business Summary

## Mitterrand joins forces against Iraqi nuclear sites

President François Mitterrand warned Iraq that France would join the US in any fresh military action if Baghdad failed to give full details of its nuclear programme.

His remarks follow a similar warning last week from Mr John Major, the British prime minister, and align the US, Britain and France, the main prosecutors of the Gulf war against Iraq, in a possible further military strike against suspected Iraqi nuclear sites.

Page 16: Gulf states meet, Page 3.

## Usinor tests cost-saving steel process in France

USINOR SACTOR, Europe's biggest steel maker, has begun production trials in France using thin-strip casting technology which could transform the industry's economics.

The process, also being developed by Japan's Nippon Steel, could give the French state-owned group an important technological lead in Europe, where producers are trying to cut costs by streamlining the complex traditional steelmaking process. Page 17.

## Start treaty close

The US and Soviet Union were "very close" to negotiating a Start treaty to reduce long-range nuclear weapons on both sides as negotiators entered their fourth day of intensive talks. Page 16.

## Peace accord threatened

Renewed violence between Croats and Serbs put in jeopardy the memorandum to implement the Brioni peace accord, agreed on Saturday night. Three policemen were reported injured in a gun battle between Croats and Serbs near Zagreb, the Croatian capital. Page 16.

## China floods worsen

Water levels in all big rivers in eastern China continued to rise, with more torrential rain forecast for some of the areas hit hardest by floods. Eighteen of its 30 provinces are affected, and more than 1,000 people have died. Page 16; China warns, Page 3.

## Cambodia hopes

Leaders of the four Cambodian factions arrived in China's capital, Beijing, for a two-day meeting of Cambodia's Supreme National Council. Diplomats were hailing the talks as the best hope for peace in 12 years of Cambodia's civil war. Page 3.

## Israel lifts sanctions

Israel's cabinet, following the lead of the United States, voted unanimously on Sunday to lift economic sanctions against South Africa. Page 3.

## Seven die in S Africa

Four people were shot dead and a fifth was burned to death in Johannesburg's black townships of Tembisa and Alexandra in a weekend of violence. Two people also died and five others were wounded in the eastern province of Natal. Page 3.

## Earthquake strikes

An earthquake measuring 6.6 on the Richter scale shook a region on the border of Afghanistan and the Soviet Union. There were no early reports of damage or casualties. Page 3.

## Gates 'less than candid' says former Customs chief

# CIA may have stalled global probe of BCCI

By Alan Friedman, Lionel Barber and Tara Sonenshine in Washington



Robert Gates, pictured left with President George Bush, who has nominated him as CIA director, "failed to disclose" involvement in BCCI.

US GOVERNMENT agencies - including the Central Intelligence Agency - may have impeded the international investigation of the Bank of Commerce and Credit International (BCCI), the Abu Dhabi-based bank that was shut down ten days ago after discoveries of widespread fraud.

Former and current senior federal officials blame the US Justice Department, the Treasury, the CIA and the Federal Reserve as well as the Bank of England for dragging their feet in response to requests for information and assistance in the BCCI investigation.

Mr William von Raab, the former US Commissioner of Customs, told the Financial Times and ABC News/Nightline yesterday that Mr Robert Gates, President George Bush's nominee as CIA director, appeared to have been "less than candid" about the bank's relationship with the intelligence agency shortly before the indictments of 64 individuals linked to the laundering of drug money by a BCCI subsidiary in Florida.

Mr von Raab's complaints about official stonewalling have been echoed by Mr Robert Morgenthau, the New York district attorney who for several months has vented his frustration at the lack of co-operation he has received from the FBI and the Bank of England.

Congressional criticism is also mounting over the reluctance of US authorities to take early action over BCCI.

Mr von Raab said Mr Gates described BCCI as "the Bank of Crooks and Criminals International" during a telephone conversation in October 1988.

"I thought this was the biggest case Customs had ever worked on," Mr von Raab said. "I asked Mr Gates for information on BCCI and what I received was well written rubbish. It was of no value. It was information that was largely publicly available."

Several weeks later, Mr von Raab discovered from British Customs agents in London that the CIA actually used the bank to make payments to individuals involved in clandestine CIA operations around the world.

"If there was any material relationship between the CIA and the bank then Mr Gates misled me. If the allegations I've heard about the agency's involvement with the bank are true then what he gave me was deceptive," Mr von Raab said.

Mr von Raab said that throughout the US Customs investigation of BCCI there was "a distinct lack of enthusiasm" on the part of the US Treasury and the Department of Justice.

The CIA routinely uses US and foreign banks to channel funds for its operations. The issue facing US investigators is whether the CIA's use of BCCI went beyond routine transactions and involved large-scale clandestine operations such as the covert financing of the Afghan rebels.

The CIA said last night: "Any allegations of unlawful use of BCCI by the agency are without foundation."

Federal investigators are also looking at the use of BCCI in financial transactions connected to the 1985 Iran-Contra arms-for-hostages scandal. Two of the major figures involved in Iran-Contra - Mr Adrian Khashoggi, the Saudi arms dealer, and Mr Manucher Ghorbanifar, the Iranian intermediary - channelled several million dollars through a BCCI account in Monte Carlo, according to documents obtained by a joint FT/ABC investigation.

The nomination of Mr Gates as CIA director has run into trouble because of fresh evidence pointing to an official cover-up of CIA knowledge and involvement in Iran-Contra.

## UK's Midland Bank had secret defence offshoot

By Richard Donkin, Jimmy Burns and John Plender in London

A TRADE finance arm of Midland Bank, one of whose subsidiaries had links with Britain's security services, incurred losses of at least £75m (£120m) over the past decade. The losses arose in part from undisclosed fraud at one of the trade offshoot's customers.

The subsidiary, Midland International Trade Services (MITS), also employed a team of retired military officers on defence business for four years apparently without the knowledge of the chief executive and other senior managers at the time the unit was set up.

Sir Kit McMahon, who retired early as the UK bank's executive chairman earlier this month, disbanded the defence unit late last year. Midland said this was because he felt that such business could be handled in "simpler and more cost effective ways".

The existence of the losses within MITS and the closure of Midland's secretive Defence Equipment Finance Department, has emerged from detailed investigations by the Financial Times into a loosely knit group of companies whose ill-starred performance has never been fully revealed or explained to Midland shareholders.

The problems of Midland's international business were not confined to the disastrous acquisition of Crocker National Bank in California in the early 1980s. According to one insider, the full losses incurred earlier by MITS, and never disclosed in Midland Bank's annual report, may have come closer to £100m.

The losses are detailed in the small print of the accounts of MITS and its UK subsidiaries filed at Britain's Companies House. At their highest point in 1983, they reached £48m, equal to more than 20 per cent of Midland Bank's total pre-tax profits.

Yet they were not separately disclosed to Midland's shareholders, unlike the provisions at Crocker, of which Midland's attributable share amounted to £28m that year. Nor were the MITS losses quantified in Midland's annual 20-F filing with the US Securities and Exchange Commission, which contained a detailed explanation of Crocker's provisions.

Midland executives say disclosure of the losses was not a legal requirement at that time.

The trouble at MITS, as at Crocker, seems to have stemmed from a failure by Midland's top executives to exert control over an unorthodox subsidiary that operated with a surprising degree of autonomy within the Midland group. The initial management response to losses appears to have been less than rigorous.

The saga raises fundamental questions of accountability both within Midland Bank. Continued on Page 16.

Tinker, Tailor, Soldier, Banker... Page 8.

## G7 criticism of Gorbachev reform plans

By Peter Norman, Philip Stephens, John Lloyd and Anthony Robinson in London

PRESIDENT Mikhail Gorbachev's latest plan to reform the Soviet economy ran into serious problems last night as it drew an unenthusiastic response from a majority of the Group of Seven summit countries and was criticised by one of the Soviet leader's own advisers.

Mr Grigory Yavlinsky, main author of a radical reform plan involving western assistance, drawn up with the help of US experts at Harvard University, said yesterday in Moscow that he would not travel to London with Mr Gorbachev as he had been invited to do.

In London yesterday, Mr John Major, the British prime minister, and Mr Brian Mulroney, his Canadian counterpart, expressed disappointment with the 23-page letter outlining the plan that was sent last week by the Soviet president to the leaders of the US, Japan, Germany, France, Britain, Italy and Canada.

Mr Toshiki Kaifu, Japan's prime minister, who also met Mr Gorbachev, is also understood to feel that it raised more questions than it answered and left unclear whether the Soviet leadership fully understood what is entailed in moving to a market-based economy.

Speaking at President George Bush's holiday home in Cape Cod, Maine, Mr Brent Scowcroft, the president's national security adviser, complained that the letter did not lay out in detail Mr Gorbachev's economic programme.

Mr Yavlinsky's decision not to defend the Gorbachev programme publicly stems from his suspicion that it will incorporate too many elements from the Soviet government's anti-crisis plan, published last week.

Although that plan has changed significantly in recent weeks, it remains vague in important matters and relies on administrative measures to stimulate production in the short term.

Mr Major and Mr Mulroney expressed similar reservations about the contents of the Soviet letter. Mr Major said it was clearly based on the "Evros plan" - a proposal that British officials have already described as inadequate.

Mr Mulroney said he doubted whether the G7 would be able to respond to the Soviet proposals. "I do not believe

that you will see either miracles or blank cheques from the G7 summit," he said.

The 23-page letter was delivered to Mr Major by Mr Evgeni Primakov, President Gorbachev's special envoy, on Friday, and distributed to other G7 leaders. While underlining the Soviet government's commitment to the political and institutional reforms needed for the transition to a market economy, it also called for understanding of the specific conditions in which the Soviet economy has operated up to now, and the social risks involved in change.

But British officials yesterday complained that the Gorbachev proposals did not move far enough from the idea of the planned economy. They said the plan lacked practicalities. It appeared that the Soviet authorities had no idea of what was entailed in privatising industry.

The officials underlined that it would be very difficult to talk to Mr Gorbachev about aid for the ailing Soviet economy in the absence of a sensible plan.

However, not all G7 countries are expected to take such a hard line over support for the Soviet Union. The German and French leaders, neither of whom had arrived in London yesterday, want the summit to offer Mr Gorbachev political support and hold out the hope of financial assistance.

President Mitterrand sent a letter to his G7 counterparts arguing that the west should take a first step to aid President Gorbachev by increasing the finance available to Moscow through the European Bank for Reconstruction and Development.

Chancellor Helmut Kohl of Germany said he would try to persuade other summit leaders to help the Soviet Union in their own interest.

This announcement appears as a matter of record only July 1991

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Alan Lord, chief executive of Lloyd's of London, firmly rejects talk of crisis at the insurance market, and suggests that the media has blown up what are, in essence, typical trading problems. Page 32

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## INTERNATIONAL NEWS

## Israel to lift sanctions on South Africa

By Hugh Carnegie in Jerusalem

THE Israeli government, following the example of the US, yesterday decided to lift sanctions it imposed on South Africa in 1987. But a ban on new military contracts will remain in place.

The right-wing coalition cabinet, led by Mr Yitzhak Shamir, the prime minister, voted unanimously to drop a ban on civilian trade, investments, official visits and cultural and sports links originally put in place under strong pressure from Washington.

Israel joined the international sanctions movement reluctantly, having previously built up a close, often clandestine relationship with Pretoria. Any unease about the moral issue of ties to apartheid was overridden by the benefits of working with a fellow international "pariah".

But the heart of the relationship was military co-operation, which yesterday's decision will not restore. Before sanctions were imposed, the two countries had built up a range of defence links, worth an estimated \$200m (\$125m) a year to Israel. South Africa's Cheetah combat aircraft, unveiled in 1986, was based on the Israeli Kfir-2 fighter, itself a copy of the French Mirage. Missile

boats and unmanned reconnaissance aircraft were among other hardware sold by Israel and there were widespread servicing agreements.

However, the defence contracts were a source of considerable tension between Israel and Washington. Allegations have frequently been made in the US of extensive, clandestine defence links involving technology transfer from Israel to South Africa.

In October 1989, Mr Shamir's government adamantly denied a report on US television - which it believed was deliberately leaked by the administration - that Israel and South Africa were co-operating on building a long-range nuclear missile.

Independent defence experts were sceptical of that allegation. But the Israeli government makes no secret of the fact that some military co-operation continues. Contracts entered into before the 1987 sanctions decision were specifically excluded from the ban.

Israel yesterday announced the restoration of full diplomatic ties with Congo, which became the ninth black African state to restore links in recent years.

## Beijing meeting seen as best hope for end to civil war

## Cambodia factions gather for talks

By Yvonne Preston in Beijing

LEADERS of the four Cambodian factions began arriving in Beijing yesterday for a two-day meeting of Cambodia's Supreme National Council, convened and chaired by Prince Norodom Sihanouk.

Cambodia's prime minister, Hun Sen, is also due in Beijing for the SNC talks, which begin tomorrow. China has supported the radical Khmer Rouge, enemies of Hun Sen in the long-running civil war. His visit this week will be the first to Beijing by an official Cambodian representative since the Phnom Penh government was installed by Vietnam in January 1979.

China has however been swift to deny foreign reports that Hun Sen had accepted Beijing's invitation for a three-day official visit from July 23 to 24, a week after the SNC concludes its informal peace talks.

A Foreign Ministry official said at the weekend China had agreed to Hun Sen attending the SNC meeting at the request of Prince Sihanouk. The Chinese side would receive the members of the SNC by treating them equally, he said, but reports of a three-day official visit did not "square with the fact". The visit had been seen by diplomats as reinforcing the belief that China was behind the Khmer Rouge's flexibility



Hun Sen, left, in Beijing on the insistence of Prince Sihanouk, right

at last month's talks in Pattaya, Thailand, which agreed a ceasefire, a halt to foreign military supplies and the establishment of the SNC under Prince Sihanouk.

Diplomats in Beijing see the SNC talks, to be followed by a meeting of the five permanent members of the UN Security Council in the Chinese capital, as the best hope for peace in 12 years of Cambodia's civil war.

In Beijing the SNC must tackle the issue of demobilisation, its extent and the role the United Nations is to play in monitoring the ceasefire and organising free elections.

## China warns US of price rises if trade privileges revoked

By Yvonne Preston

CHINA has warned that US consumers would have to pay more for Chinese goods if MFN were revoked.

US investors in China, with \$4.3bn at stake, would have trouble buying the raw materials they needed from the US and selling their goods back to it, the article argued.

The article is the second strong attack on the US over MFN and the congressional vote by the party newspaper in as many days. On Friday it criticised the US for linking trade to arms sales while being a big dealer itself.

President George Bush wants unconditional renewal of MFN. Both Houses of Congress must muster a two-thirds majority to prevent him from vetoing their legislation.

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## Human rights mission arrives

AN Australian human rights mission to China arrived in Beijing yesterday, the first of its kind and a further sign of a shift in Chinese policy since pro-democracy protests were crushed two years ago, writes Yvonne Preston.

However, the mission arrived with no detailed programme and no clear idea of the degree of access its members would have.

## Gulf states meet to discuss Kuwait security force

By Mark Nicholson

FOREIGN ministers from the six Gulf co-operation Council states, Egypt and Syria gather in Kuwait today in an effort to resolve differences which have dogged the creation of a joint military force to protect the emirates.

However, the meeting, which was postponed from last week, is not expected on its own to iron out serious disagreements among the eight Arab states over the size, cost and composition of such a force and the role of Iran in any Gulf security arrangement.

Mr Amr Moussa, the Egyptian foreign minister, said last week that it could take two or three meetings to forge an agreement to replace departing US and British troops with an Arab force - the broad desire for which was set out in the March 6 Damascus declaration signed by the eight Arab states after the Gulf war.

The eight countries appeared last month to have reached an outline agreement to station a 26,000-strong Arab force in

Kuwait, comprising units from the GCC countries (Kuwait, Saudi Arabia, Oman, Qatar, Bahrain and the United Arab Emirates), 10,000 Saudi Arabian troops and 3,000 men each from Egypt and Syria.

However, that deal has foundered, amid Kuwaiti doubts about the cost and desirability of hosting large numbers of Egyptian and Syrian troops. Cairo and Damascus, for their part, disapprove of Kuwait's desire to have some western military guarantee to underpin security.

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## Canadian group sells Airbuses for leasing

By Robert Gibbens in Montreal

PWA of Canada has sold five of its Airbus 310 aircraft to the US, to be leased to Air Canada for up to 21 months each. PWA has the option of taking over three of the aircraft immediately and the other two at a later date.

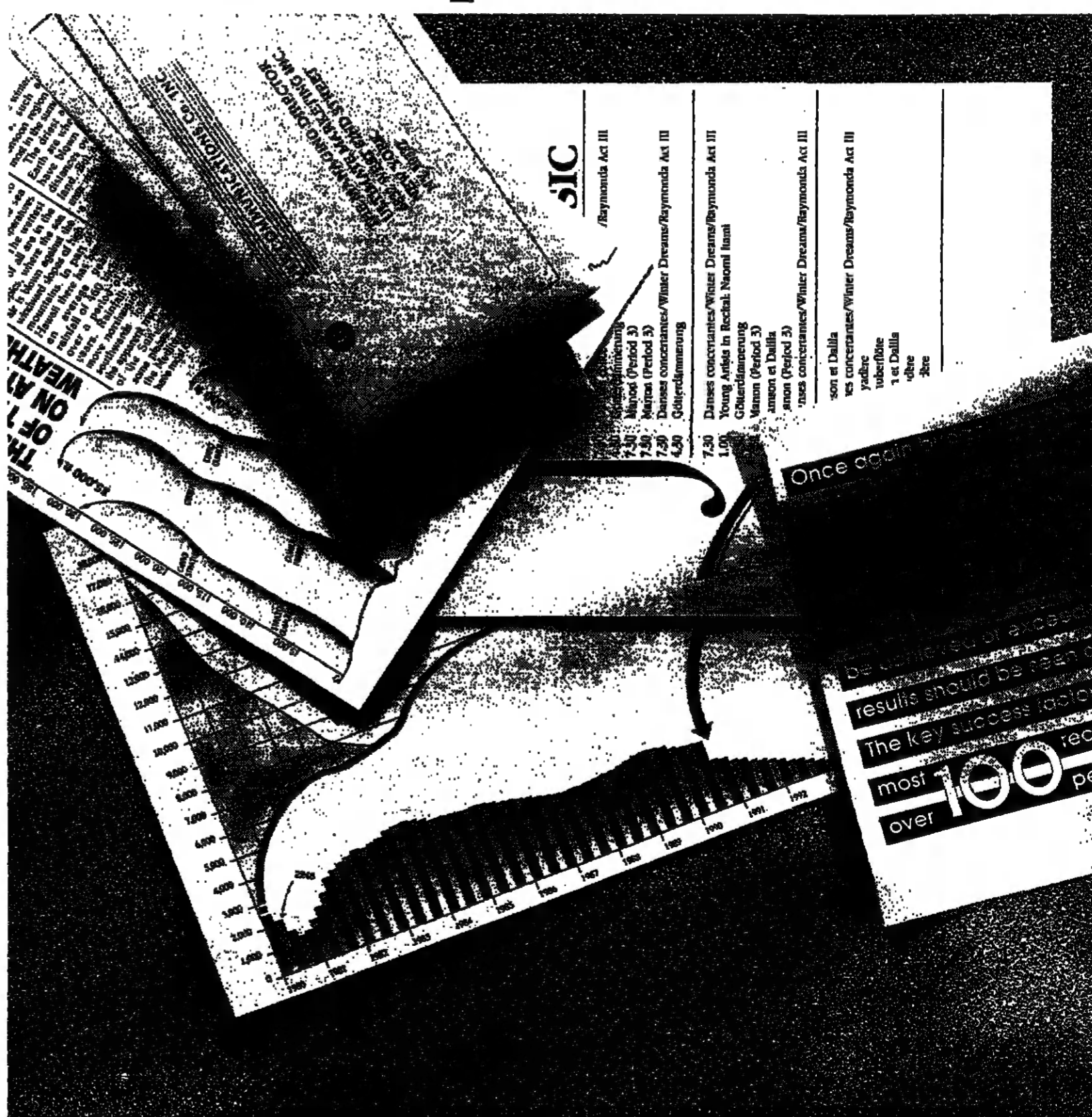
PWA, parent company of Canada's second largest airline, Canadian Airlines International (CAI), will get about \$250m (\$27m) for each aircraft,

providing a much-needed cash injection of up to \$250m.

Both CAI and the country's biggest airline, Air Canada, have been forced into losses by the 20 per cent drop in international airline travel caused by recession and the Gulf war.

Three new Boeing 747 passenger/cargo aircraft scheduled for delivery this summer to Air Canada may have to be laid up in the Arizona desert if air travel does not revive quickly.

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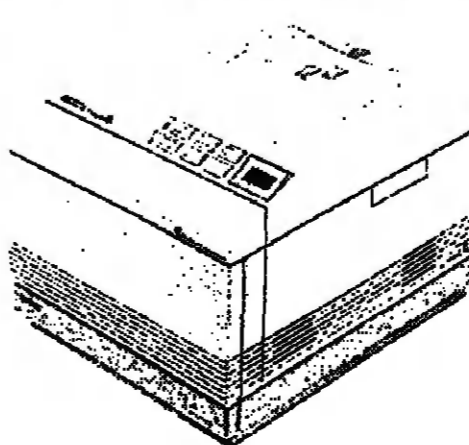
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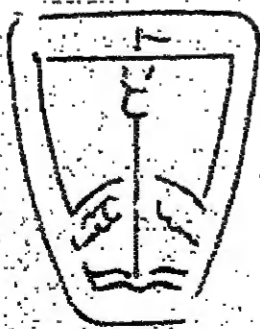
How their large discounts only apply to particular models and obsolete stock.

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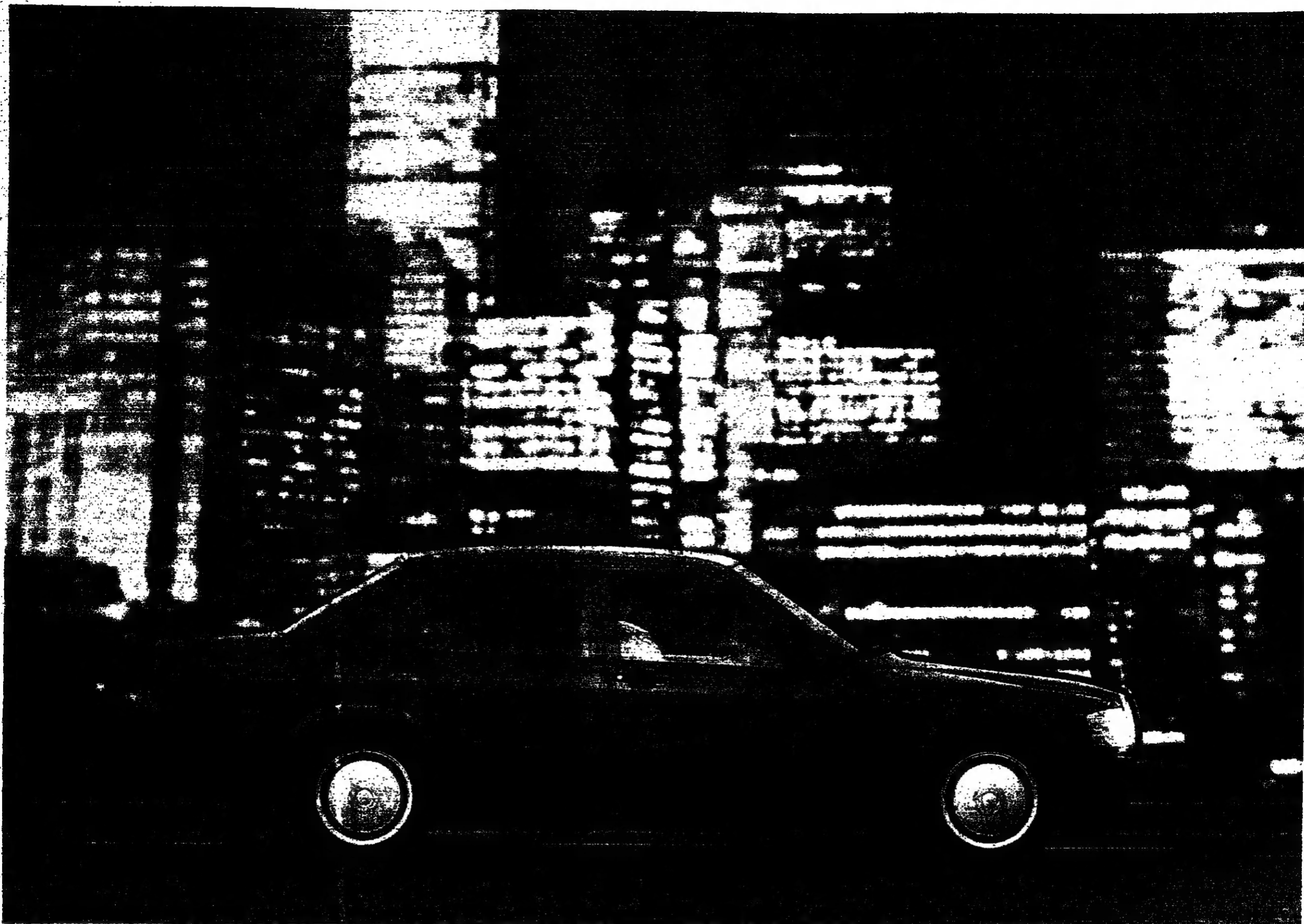


...in real interest rates? The development can be seen in a few years.

Savings is not whether there are savings — there are — but the relation between savings and demand will shape the policies of the master money in the short run. The increase in the share of investment would generate the most feasible development path from the eastern bloc.

It will be a rise in savings in the United States, Japan, and other countries, perhaps along with a fall in savings in the Soviet Union. A budget deficit in the United States would be one of the two things that would lead to a normal increase in the global savings rate. The global savings rate would rise in the United States, Japan, and Germany, leading to reducing the competition for funds in the rest of the world. With Germany the last of the big industrial nations, the Japanese save the most.

Edward F. Kane



199 series: front seat-belts automatically tighten their grip in an accident; all control models have catalytic converters

There's an uncanny feeling of unity about a car that's supremely well built. As many thousands of individual parts combine in a common purpose, the car takes on what motoring journalists call a "hewn from the solid" feel. And there's no car they say it about more often than a Mercedes-Benz - every Mercedes-Benz, including the compact 190 series.

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## UK NEWS

## BROADCASTING

## Yorkshire TV makes bid of £34m to keep franchise

By Raymond Snoddy

YORKSHIRE Television has made a bid of around £34m a year in an attempt to retain its franchise.

The bid looks high enough to win the competitive tender for the new 10-year commercial broadcasting licence for the Yorkshire area to run from 1993.

Yorkshire Television faces rival bids from Viking and White Rose, two companies planning to depend heavily on independent producers for their programmes.

When the bids were submitted to the Independent Television Commission in May, White Rose - shareholders of which include Chrysalis, the record group, and two local newspaper companies, had not completed its financing.

White Rose has to produce full details of its financing plan before an ITC meeting starting on Thursday which will review progress on assessing the 40 bids for 16 broadcasting licences.

The winners and the size of their bids will be announced in October.

It is not clear if Viking, backers of which include TVS, an

independent production company, and Barr and Arnold Wallace Trust, has completed its financing.

Mr Clive Leach, managing director of Yorkshire Television, has deliberately made a very aggressive bid to try to ensure victory.

The size of the bid could become embarrassing, however, if neither Viking nor White Rose pass the quality threshold all applicants must get over their cash bids are considered.

In addition to the £34m bid Yorkshire - shareholders of which include Pearson, publisher of the Financial Times - has to pay an additional seven per cent of its advertising revenue to the government as "rent" for the franchise.

In the first half Yorkshire had pre-tax profits of £6.2m advertising revenue of £88.42m.

Yorkshire also has a 20 per cent stake in neighbouring Tyne Tees Television which bid £14.5m for its franchise.

This will defeat a rival bid by Granada and Border Television believed to be around £10m.

Yorkshire plans an agreed merger with Tyne Tees which

can happen from January, 1992 with ITC approval.

Anglia Television is set to win back its franchise with a bid of between £15m and £16m - probably just under £16m. Its main rival Three East, backed by Emap, the newspaper and magazine group and CLT, the Luxembourg based media company, has bid less than £15m; the third bid of the region, the Richard Branson/David Frost consortium CTV-TV bid less than £12m.

Even though publicly quoted companies are involved the ITC has said it wants the bids to remain secret until it reveals them. Apart from Yorkshire, Tyne Tees and Anglia three other bids have become public knowledge.

TVS Entertainment has bid £55m for its south of England franchise while the bids of its three rivals are in the £30-35m range.

NorthWest Television has bid £35m for its north west franchise, outbidding Granada Television's sum of less than £30m.

Scottish Television, which was unopposed, bid less than £1m to retain its franchise.

## Privatised utilities defend pensions

By Robert Peston

TWO OF Britain's biggest privatised utilities yesterday moved to defend the retention of public sector-style pension arrangements for their directors.

British Gas and British Telecom both have pension arrangements which give the directors inflation-proof or index-linked payments on retirement, it emerged at the weekend.

Schemes operated by British Telecom and British Gas have continued to be guaranteed against the effects of inflation after the companies' privatisation.

The pay of both companies' directors has soared. Last year, Mr Iain Vallance, chairman of British Telecom, received £536,000, 43 per cent up on the previous year. British Gas's chairman, Mr Robert Evans, was paid £370,000, an effective rise of 66 per cent.

British Telecom said Mr Vallance's eventual pension would not be calculated on the £536,000 he received but on approximately £290,000.

British Gas said it did not believe its pension arrangements were out of line with those of other big companies.

## Union chief dismissed by vote of executive

By Lisa Wood, Labour Staff

MR STEVE TURNER, general secretary of the National Union of Journalists, was yesterday taking legal advice after being sacked by his executive committee.

The executive of Britain's largest journalists' union, at a meeting on Saturday, took the rare step of voting by 10-6 to dismiss its general secretary.

Mr Chris Frost, president of the NUJ, said that Mr Turner, who campaigned for office on a platform of not merging with other trade unions, had flouted the agreed union policy which supported such mergers. It is

Mr Turner was allowed in his contract to campaign within the NUJ against mergers but was prohibited from doing so externally.

The executive accused him of breaking his contract by writing to the Irish Print Union asking it to put off a



Steve Turner, NUJ general secretary: taking legal advice after dismissal

merger until members were balloted.

Legally the amalgamation with the IPU does not require a

ballot of journalists because it is a "transfer of engagements" and not a formal merger.

"I intend to fight my dis-

missal," said Mr Turner who has been at odds with his executive since taking up office in December.

## Flexible working patterns still lag behind the world

By John Gapper, Labour Editor

BRITAIN has very few manufacturing plants in which production methods have changed over the past 10 years have developed suitable working arrangements.

Mr Michael Cross, a visiting fellow of the Manchester Business School, argues that British plants have not linked their manufacturing and personnel

sample of 405 manufacturing plants in which production methods have changed over the past 10 years have developed suitable working arrangements.

Mr Michael Cross, a visiting fellow of the Manchester Business School, argues that British plants have not linked their manufacturing and personnel

strategies, and working arrangements have not been used to improve processes.

The unpublished study compares plants in Britain to those elsewhere using production quality measures common in the US. These analyse companies according to criteria such as how well workers are used, and the quality of leadership.

The database of manufacturing sites in Britain where there have been significant production changes includes data on whether there has been a move towards working in multi-skilled teams, or there is a greater sharing of skills. Multi-Skilling and Flexibility. Michael Cross, 30 Amhurst Road, London W12.

## Targets on training lose council support

By Lisa Wood, Labour Staff

ABOUT one third of Training and Enterprise Councils (TECs) have decided not to sign up to new national targets for the attainment of vocational qualifications which have been developed by the Confederation of British Industry.

The targets will be made public by the CBI later this month. They seek to replace former government targets, drawn up by Mr Norman Fowler, the former secretary of state for employment, which had wanted a minimum of half the employed workforce to be qualified to level three of the National Vocational Qualification (NVQ) by the year 2000.

Those targets were abandoned last year by Mr Michael Howard, the secretary of state for employment, who said they were inappropriate because government had devolved responsibility for training to TECs.

Since then the CBI has sought support from industry and training organisations over aspirational targets, modelled on the former government targets.

About 100 organisations including TECs, education bodies, chambers of commerce and industry training organisations have already signed up.

The Trades Union Congress has not yet decided whether it will sign. It claims that the government has recently watered down the CBI's original



Howard: abandoned targets

proposal that all young people should be entitled to train for skills up to NVQ level three by insisting on the insertion of a clause that means only people "who can benefit" would be given the opportunity.

Mr John Cridland, deputy director of education and training at the CBI, said yesterday: "Government officials along with others pointed out that as of today a universal entitlement was not deliverable because it would require TECs to spend more money than they have."

## Applicants for jobs fail to provide accurate CVs

By Diane Summers, Labour Staff

NEARLY half of all job applicants for senior finance, information technology and marketing jobs fail to produce curriculum vitae which do them justice, according to an analysis of 1,000 CVs.

The most common mistakes are long-windedness and a failure to tailor applications: 41 per cent of those analysed produced four or more pages, rather than the optimal two to three; 46 per cent did not attempt to highlight relevant qualifications and experience for the particular post.

Information technology applicants are the worst culprits on both counts, according to the analysis carried out by Coopers and Lybrand Deloitte. Over 80 per cent of IT applicants failed to tailor their CVs and they also produced among the worst-looking applications.

Overall, less than half provided a daytime telephone number and only 40 per cent gave their current salary, even though this had usually been requested.

A quarter were not explicit about their educational attainments, nor had they made it clear whether or not they were still in employment.

The best CV-producers are finance and marketing executives; the least informative are general managers, the survey found.

Oddities highlighted were the candidates who: covered the CV in drawings; sent a graph of salary progression; used computer or exercise paper; sent application forms from another employer; enclosed psychometric test results and press articles of doubtful relevance.

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CVs: the worst-looking applications

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almost \$300bn by industrial countries in 1990 — the futile war of farm subsidies. Last year we said we would be personally engaged in the effort to stop this folly. This year we mean it.

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How does such an obviously sensible rule of thumb come to

"Finally, a recently released study from the Group of Thirty has led us to commission an analysis of the future of the G7, which the G30 suggests should become a global directorate. This was an issue too complex for our crowded London agenda, as the question clearly needs to be discussed as part of a re-evaluation of the congested field of intergovernmental organizations."

Welcome to congested London.

soundness of individual British banks or building societies.

The good news for Mr Heseltine as he reads through the submissions from the sharp and of local government. The bad news is that on almost every other aspect of the government's plans, local authorities and the people who work in them have deep reservations about both the overall strategy and the details of implementation.

The most serious concern is expressed over the gearing of the council tax, which is likely to mean that — as with the poll tax — small increases in rates will lead to large increases in the council's tax bill.

now. Hence Sir Peter Leslie, who until early this year was

**Top of his agenda today**  
**the aggressive buying**

in question is  
Lambert, chairman

had recycled  
Times's report.

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now. Hence Sir Pet  
who until early thi

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Bernard Esambert,

had recycled **The New York Times's** report.

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AP reform a  
not in a f  
lost to UK

They argue that consistently lower share prices will force companies to review their high expectations of the market and their neglect of ordinary shareholders. Moreover, they say, institutional investors will be unwilling to sit on their large

Japanese officials are now debating the establishment of an independent watchdog for the securities industry. They are aware of US suggestions that Japan needs a body similar to the US Securities and Exchange Commission. Pressure from the US often plays a role in producing new legislation in Japan, but, as Washington has found in several trade disputes, a change of regulations does not necessarily mean a change in behaviour.

Japanese companies are also accused by the US of neglecting their shareholders. US negotiators in the Structural Impediments **to Trade** (SI),

These bonds offer lower interest rates than ~~corporate~~ ~~bonds~~, but their cheapness depends on strong stock prices. A day after the association's

**A** stronger market would work in favour of the old ways. The finance ministry would be under less pressure to police the securities companies and the securities companies would be able to assure their old corporate clients that the Tokyo market is a fairly safe bet. The market would again attract the better-heeled of Japan's gangster groups, and the cycle of compromise could start again.

The summits have, however, long since degenerated into media circuses. Most of the present western heads of government have no special interest in, nor feeling for, economic matters. If the summits were just bad colossal theatre, sceptical citizens could just decide not to watch. But when they lead to false expectations and pseudo-decisions, the time

For **so** start, western Europe is far too heavily represented. The embarrassment caused by President Mikhail Gorbachev's desire to invite himself, and the difficulty of receiving him politely without making him a member of the **entourage**, shows that something is amiss.

Western leaders will have the choice between backing Mr Gorbachev, **which** could

Above all, a way has to be reinvented by which the handful of leaders who really matter - and they will differ from one subject to another - can talk to each other quietly, and not pretend to make fresh decisions if required. That, above all, was the original purpose of Rambouillet, to which we should now return.

unemployment, is the dismal outcome we observe in Germany. The threat of mass unemployment which resulted from the east German wage explosion may induce more east Germans to go than any wage differential.


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## JAPAN

Monday July 15 1991

Delicate balancing act  
for political parties; New  
hub for exports Page 3

## SECTION III



Although Japanese  
confidence has been  
undermined by  
political, economic  
and financial shocks,

the country continues to progress  
on many fronts. Stefan Wagstyl  
looks at the challenges as Japan  
seeks to become a full member of  
the industrialised family of nations

The nervous  
nineties

JAPAN, which ended the 1980s  
brimming with confidence, has  
started the new decade with  
some painful political, economic  
and financial shocks.

The country is under fire  
overseas for its apparent lack  
of support for allies in the Gulf  
crisis and for its reluctance to  
aid eastern Europe and the  
Soviet Union.

Japanese financial companies  
have had a headlong  
international expansion  
brought to an abrupt halt by  
the impact of a plunge in the  
stock and property markets  
and of a series of damaging  
scandals. Even industry is  
seeing its confidence undermined  
by high real interest rates, concerns  
which the Bank of Japan  
partly addressed by a half  
point cut in the official discount  
rate on July 1.

Mr Toshiki Kaifu, the Japanese  
prime minister, who is due  
to arrive in London this  
week for the summit of G-7  
leading industrialised nations,  
will find it hard to talk as  
boldly of Japan's future as he  
did in Houston a year ago.

And yet, it would be wrong  
to exaggerate concerns about  
Japan's position in the world.  
The country continues to make  
steady progress on many  
fronts. Disappointment about

its failure to take bold political  
initiatives in the past 18  
months stem largely from  
unrealistically high expectations.  
Japanese officials had  
hoped to have time to develop  
an international political role  
for their country at a leisurely  
pace. Instead, they have been  
forced to give answers to questions  
they had only begun to  
consider. It should not be surprising  
that their response has been  
hesitant.

The turmoil in the financial  
markets is mainly the after-effect  
of the unprecedented boom in equity  
and land values in the 1980s.  
Investors who were tempted to over-borrow  
when the cost of money was  
low are now paying the price  
for their excesses. Companies  
which tolerated unethical and  
even fraudulent practices during  
the boom are now having  
their misdemeanours exposed.

The general public is angry,  
at least because the rewards  
of the 1980s, in comparison  
with the progress of the previous  
10 years, were so  
unequally shared.

Underneath the financial  
bubble of the 1980s, the real  
economy seems almost as  
strong as ever. Companies continue  
to pour funds into plant



On the look-out: a Japanese sailor keeps watch aboard a minesweeper in the Gulf as his countrymen consider options for a greater contribution to international affairs

and equipment, and new products.  
The growth in the Gulf has  
remained at a high level. If  
labour shortages, high interest  
rates and weak demand are  
squeezing some companies,  
their international rivals are  
in a much stronger position.

In the Gulf, world slowdown.  
Japan's output is expected to  
grow 3.5 per cent this year,  
compared with an OECD average  
of 1.2 per cent and around  
zero for the US.

Nevertheless, as this survey  
will show, Japan has some serious  
challenges to face if it is to  
fulfil its policymakers' wishes  
of becoming a full member of  
the industrialised family of  
nations.

The most immediate question  
is foreign policy. The Gulf  
crisis brought the US and  
Europe closer together, if only  
in a temporary feeling of solidarity,  
but it served to underline  
important differences between  
Japan and other G-7 countries.  
Notably, in spite of the fact

that Japan obtains 70 per cent  
of its oil from the Gulf, Japanese  
felt the crisis essentially  
had little to do with them.

But in the wake of foreign  
criticism of its position and the  
stimulus of constant television  
coverage of the war and its  
tragic aftermath, Japanese  
have started to question some  
of their basic assumptions. In  
particular, politicians have  
acknowledged the country's  
pacifist constitution need not  
be interpreted as strictly as it  
has in the past, when the overseas  
despatch of any servicemen  
on active duty was banned.

The decision this spring to  
send a minesweeper to the  
Gulf was a momentous one,  
though it was taken only after  
the fighting had ended. The  
ruling Liberal Democratic  
Party is discussing the formation  
of a Japanese force, for  
deployment in United Nations  
peace-keeping units. Some politicians  
are also pressing for a  
seat for Japan on the UN Security

Council - although they  
expect this to be granted  
quickly given the complexities  
of UN politics.

A popular argument in  
Tokyo is that "one-country  
pacifism" is no longer enough:  
Japan must move to assure  
the peace of the whole world.  
The principle is being applied  
to Development Assistance  
Japan, which has been a  
major donor, means to limit support  
to countries which have an  
over-large military budget or  
export substantial amounts of  
arms.

Japan's allies will want to  
see how these changes in  
policy affect policy. A big test  
will be President George  
Bush's reaction. Before the  
Gulf war, he was fond of promoting  
a "global partnership"  
with Japan, but he dropped the  
rhetoric during the crisis.  
Underlying Japan's political  
relations with the US and  
Europe are the constant tensions  
over trade. The battles are  
less fraught than in the  
mid-1980s because of a fall in  
the overall trade surplus to  
\$2bn last year, down from  
\$78bn in 1986. Although the  
surplus with the EC is now rising  
to the consternation of

Brussels, the politically more  
important surplus with the US  
is well down.

Also, Japanese foreign  
investment is provoking less  
anger than it did even a year  
ago, since the country's  
long-term capital outflow fell  
sharply last year - to \$43.5bn  
from \$89.2bn. Curbed by high  
interest rates, Japanese companies  
paused for breath after the  
rapid expansion of the 1980s.  
Even allowing for Matsushita  
Electric Industrial's \$6.1bn purchase  
last year of MCA, the American  
communications combine, high-profile  
acquisitions of the kind which raise  
political hackles have become  
quite rare.

Western countries' chief economic  
concern with Japan is no longer  
mainly with formal barriers  
preventing entry into the  
Japanese market but with so-called  
informal obstacles - including  
restrictions on investment in Japan,  
the distribution system, and the  
high cost of doing business. Some  
western officials are particularly  
concerned about Japanese groups'  
dominance in key industries -  
including electronics - which  
threatens to drive some of their  
American and European rivals out  
of business altogether.

Japanese officials admit further  
reforms are needed. In the words  
of a senior foreign ministry official,  
"Japan has a system which works  
perfectly as a closed system. But  
when you introduce foreign  
elements it goes wrong. The system  
has to be re-adjusted."

But the problem is that delving  
deep into the Japanese economy  
leads foreigners to demand complex  
and sensitive changes. So the risk of  
appearing to bully Japan increases  
and with it the danger of a  
hostile Japanese reaction. Japanese  
are becoming more and more  
insistent that western countries'  
lack of competitiveness is largely  
their own fault. For example, the  
US-Japan talks called the Structural  
Impediments Initiative (SII) -  
covers weaknesses in both  
economies, not just Japan's. As  
Mr Masaru Hayami, chairman of  
Keizai Doyukai, an employers'  
association, says: "Internationalisation  
does not mean westernisation. It's a  
two-way process."

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MR HISANORI ISOMURA portrayed himself as the governor that the cosmopolitan city of Tokyo richly deserved. Much travelled, fluent in French and author of a series of books titled *A Touch of Sophistication*, Mr Isomura performed dully at the polls.

But the failure of the man dubbed "Mr International" cannot simply be blamed on an enduring parochialism. His defeat in the April election reflected some of the complexity of Japanese politics, with the frequent unholy alliances and the deals done among local branches that have influence on Japan's foreign policies.

The governorship remained in the hands of Mr Shunichi Suzuki, an 80-year-old who won the sympathy vote after losing the backing of the Liberal Democratic Party (LDP). Mr Suzuki lost that backing partly because some in the LDP thought him too old, but more importantly, because party leaders wanted to improve relations at the national level with Komeito, or the Clean Government Party.

LDP leaders needed Komeito's parliamentary support to push through a Gulf War aid package, and Komeito, for its own factional reasons, preferred Mr Isomura to Governor Suzuki. Mr Isomura lost, the LDP got its package approved, and Japan belatedly responded to the international calls for more money, \$9bn, and for a military presence in the Gulf, a convoy of minesweepers.

While Japanese politicians have been generally condemned for their slow response to international crises, the Japanese public is much behind. The public generally opposed a Japanese military presence in the Gulf, and the approval rating of Mr Toshiki Kaifu, fell to a low of 40.7 per cent after an earlier peak of 51.7 per cent. He has since been forgiven for his perceived mistakes, and his rating was 71.1 per cent and rising at the end of June.

#### The public opposed a Japanese military presence in the Gulf

The difficulties in fashioning foreign policy are even acute at the Social Democratic Party (SDPJ), the leading opposition party and formerly known as the Japan Socialist Party. Miss Takako Doi has just resigned as leader in take responsibility for party's plunge in popularity, which followed an inability to



Robert Thomson on the complexities of politics

## Delicate balancing act for parties

present itself as an acceptable alternative to the LDP.

Miss Doi, whose personal charisma drew attention away from her party's deep-rooted factional disputes, was unable to reform unpopular policies that called for the dismantling of the Japanese military, gave scant recognition to South Korea and encouraged the authoritarian regime in Pyongyang, and demanded an end to a security treaty with the US.

One of Miss Doi's allies in the party, Mr Shigeru Ito, chairman of the policy board, said that she had recognised her weakness in oversteering reforms, which were opposed by the left wing and supported by the reformist right wing. Whereas the LDP's problems were a lack of information come from a fear of alienating ordinary voters, the SDPJ's policies had even become irrelevant to most of its own members, apart from an influential Marxist minority.

When Miss Doi announced her resignation, she suggested that an important reform package had been completed, she could not do more. But her policies, more than for any other party that the electorate have been made ridiculous.



Takako Doi resigned as leader of SDPJ

In an attempt to keep all factions happy.

Instead of representing the balance of the Japanese military, the party now "directly views" the military - it would be a mistake, a party official explained, to say that the policy had been changed, but it would also be a mistake to say it had not been changed.

Japanese voters, parochial as they may be, have already shown their impatience with the SDPJ, and until the party has clearer policies,

both foreign and domestic, the LDP will continue to dominate the country.

Mr Katsuya Muraguchi, head of the LDP's policy planning committee, said that, in any country, parliamentarians have to maintain a balance between domestic and foreign responsibilities. "There are still poor people in Japan, and some voters ask why we should provide foreign aid when we have poverty at home."

Policy is a particular problem for Japanese politicians, who are often dependent on industries, such as construction, or lobby groups, such as the rice lobby, for votes and funds. Japan's reluctance to open its rice market is a good example of the awkward compromises that result from the conflicting interests.

Japanese government officials decided late last year that they would allow rice imports to a level of between 3 per cent and 5 per cent of domestic consumption, but local political considerations have made it impossible for them to announce that decision.

Tokyo has been under pressure from Washington to open the market as soon as possible to stimulate the stalled debate

on agricultural trade in the Uruguay Round of multilateral negotiations. But LDP politicians have decided that they will not announce their decision until the EC and US reached agreement on agricultural trade, and international trade then becomes focused on Japan - an opening under these circumstances will be easier to sell to the farm lobby.

Another obstacle to a better balanced foreign policy is the political LDP members as a minister. This enhances their prestige among voters, but also means that ministers do not have enough time to expertise to implement change. They are also wary of ambitious policy changes, fearing that something could go wrong and that they stay in power.

Conscious of the continuity problem, the LDP has allowed Mr Taro Nakayama to remain as foreign minister, in spite of a ministerial reshuffle last December. Mr Nakayama has not been asked for foreign policy innovation, but his enduring presence has allowed the gradual implementation of new policies on Vietnam, the Philippines, North Korea, and North Korea.

Japanese bureaucrats tend to want most of the credit for developing policies and are contemptuous of short-stay ministers. But the bureaucrats recognise that policies will have a far better chance of implementation if their minister is a factional leader or if the prime minister has a personal interest in foreign policy.

#### Policy changes are difficult in the face of public opposition

While conceding the importance of bureaucrats' influence, Mr Muraguchi said the government has a responsibility to educate the electorate about Japan's growing international role. He said that policy changes, whether they be devised by bureaucrats or politicians, are difficult to introduce in the face of public opposition.

"It can be said that the general public does not have a high level of idealism on international issues. It would be very difficult for a candidate to win election just on the basis of his skills in international policy-making. Before you do anything else, you have to meet the needs of the local people," Mr Muraguchi said.

#### Impact of internationalisation on a provincial city

## New export hub

MR RYUTARO OMORI, the president of Chuo Bank, has high ambitions. He foresees the day when Niigata, a port on the Japan Sea, will be the gateway to the Pacific, comprising areas of northern China, North Korea and, most importantly, the far east region of the Soviet Union.

Mr Omori says: "It is a relationship with the United States becomes more tense and the European Community becomes protectionist then the most important area for growth will be in south-east Asia and the Pacific Union."

For the city, such a role as one of the hubs of a new trading area would be a return to a role it played prior to the Second World War. With the onset of the Cold War, Niigata found itself on its Asia frontier, facing the military might of the Peoples Republic of China and the Soviet Union.

The regions and ports on the Pacific coast were the main beneficiaries of Japan's post-war economic growth. Niigata, by contrast, was relatively underdeveloped. For its economic development has been tied to that of the Tokyo region. The Niigata economy has improved through the improvement of its internal transport links with the export of its steel, pulp and paper. Its textile and machinery industries have won a reputation in international markets, often as sub-contractors to large companies based on the Pacific coast.

Business leaders and politicians hope that dependence on the Pacific coast will be significantly reduced in the next few years as Niigata explores an independent international role in the Japan Sea region and the USSR in particular.

Mr Omori has created a ¥1.5bn investment fund for projects in the USSR, the first of its kind in Japan. Japanese companies will be attracted by raw materials and cheap labour as the domestic labour shortage begins to bite. The Siberians are often happier to turn to Japan for capital than Moscow.

It is not far from Moscow. It takes just 90 minutes to fly to Khabarovsk, the Siberian city which Niigata is twinned, compared with 11 hours from Khabarovsk to Moscow.

Mr Kiyoshi Kaneko, the mayor of Niigata prefecture, talks of a growing number of exchanges with other regional governments in the Japan Sea, independent of central government, to promote trade and co-operation between their regions.

Mr Yoshiaki Hasegawa, Niigata's mayor, says the city should have a specific role in promoting trade via Siberia. He says: "It takes about 20 days to ship products from Japan to northern Europe via Niigata to Siberia, compared with 36 days via the Pacific Coast ports. Niigata could be an alternative to those ports as an outlet for Japanese companies."

Niigata's ambitions in the Japanese gateway to the far eastern Soviet Union is indicative of its special position. Niigata in Japan business executives say the end of the Cold War had little impact upon them; in Niigata it is one of the main factors spurring internationalisation. However, Niigata's international ambitions are also indicative of the growing diversity and complexity of Japan's international role.

Mr Kaneko, the governor, says the importance of Japan's relations with Asian economies, its relationship with the United States should still be the linchpin of its international policy.

Yet, elsewhere in Niigata there are signs of, at the very least, a growing lack of deference towards the US. Professor Hideohshi Taka, of the Niigata University law department, recently polled 300 of his students on which country would be most important to Japan in the next decade and beyond.

About 70 per cent said the US would remain Japan's most important partner for the next 10 years, but that the USSR, China and South Korea would together become more important than the US. The main risk is that there seems perilously little to guide Japan as it develops a more independent and diverse world role.

The main certainty is a deep-rooted consensus that Japan's military role should be strictly limited to at most participation in peace-keeping

operations. Mr Seiya Imai, managing director of the Niigata Nippo, the largest local newspaper, says: "Japan does not fight, that is a promise we make to other countries. That is not just a policy but a popular common sense."

Mr Hasegawa concurs: "If Japan were to take on an international military role it would threaten other countries. We must work with other countries to make sure that Japan remains a tamed tiger."

Beyond the military, there should be strict limits to Japan's military role, few other international role, promotes much controversy. It is if for most Niigata inhabitants, abroad, just as a list of brand names to be bought. There is little social consensus about any sort of international power Japan should have, and it should be for.

Senior editorial staff at the Niigata Nippo admit there is little popular interest in issues such as African poverty which such as in Europe. The government's policy has become the world's largest aid donor has little popular resonance.

Although the environment is becoming more of a popular issue, it is little sense in Niigata of Japan playing a leading role in combating global warming, the world's ecology.

Professor Taka admits to pessimism about whether Japan will be able to develop a world role. He says: "We are not the international sensitivity needed to play a role which matches Japan's economic power. There is a complete lack of imagination about how Japan should become a superpower and what sort of superpower it should be."

He concludes: "Japan is the only country which can finance the big budget deficit and help to pay for the Gulf war, and also have the resources to modernise the USSR economy. It has that much economic power relative to the old superpowers and yet it remains beyond commerce, trade and profit. It remains a complete mystery."

Charles Leadbeater

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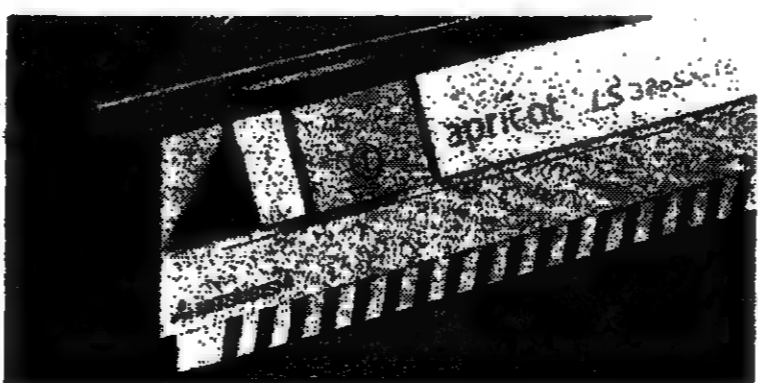
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Michiyo Nakamoto meets Koshiro Matsumoto IX

## Starting again as an unknown actor



West End debut: Koshiro Matsumoto IX in the title role of The King and I

FOR someone who enjoys the status of a national idol, Koshiro Matsumoto IX, the Japanese kabuki actor and television celebrity, is decidedly unfamiliar.

Dressed in his favoured outfit of a black turtleneck sweater wrapped in a dark suit, the handsome but sombre-looking Koshiro is more the image of a master of gub, or tea ceremony, than a globe-trotting theatre star.

The appearance belies the stature of the man who is one of the few Japanese to have gone beyond the cosy domain of Japanese stardom and won recognition in the west.

In the spring this year, he became the first Japanese actor to star in a West End musical when he played the title role in James Hammerstein's *The King and I*.

His West End debut crowned a seven-month tour of the UK with the same production.

The experience has been a humbling one for the veteran actor who will be 50 next year.

"There is one thing I would like to thank the English for from the bottom of my heart," he says. "In my years of acting I had forgotten what it is like for an actor to be unrecognised, nameless. England has shown me once again, how important that is for an actor."

The admission, coming from

someone who is used to being thronged by fans, who has been to Broadway and has several prestigious awards to his name, seems a typically Japanese show of modesty.

After all, few actors command the kind of respect, bordering on awe, that Koshiro does in Japan.

The name Koshiro Matsumoto, for one thing, extends back to the 17th century. As the ninth generation in a long line of actors to inherit that illustrious name, Koshiro naturally carries with him a certain weight of tradition.

His acting career started at the age of three as a medicine seller's son in *Sukeroku*, a tale of love and revenge.

Before he inherited the name of Koshiro Matsumoto IX in 1981, he was Sonogoro Ichi-hawa VI. It was as Sonogoro that he entered himself to the Japanese public and won the heart of many a young woman who would hardly have

thought to set foot in the Kabuki-za theatre.

But in England it is Koshiro who has been in vogue of the creativity and raw energy he feels in western theatre.

"Western musicals emanate a dynamism that does not exist in Japanese theatre," he observes.

"If kabuki can be compared to a delicate Japanese-style painting on cloth, western theatre is like an oil painting — straightforward and energetic." In many ways the two are as incompatible as water and oil.

One incident illustrates the point. Practising a traditional kabuki dance along with a western dance that was required for a musical resulted in a torn leg muscle.

"In practising the two different dances I had been putting too much pressure on myself. My body could not cope with the conflicting demands being made on it."

The physical demands are

much a drama of suppressed emotion.

In the kabuki tradition suggestion is just as crucial in portraying the hero's tragic conflict between loyalty to his master and love for his family or friends — a favourite kabuki theme — as the actors' spoken words.

The audience will recognise the hero's thoughts and feelings even if they are not verbalised because the art of non-verbal communication — or *haragei* — still permeates much of everyday life in Japan.

"But in western theatre there is nothing of this ambiguity that is so typical of Japanese theatre," Koshiro says.

"Watching a western musical makes me feel like a soccer ball that has just received a

good, hard kick. This is no time for ambiguity, the actors seem to be saying. In *England-dharagei* just gets blown away."

It is ironic that one of the few Japanese actors to venture into this rough and still alien world, and to win acclaim there no less, should come from a discipline steeped in tradition where the rules of life date back to the 16th century.

Koshiro traces his fascination with western theatre to his grandfather, Koshiro Matsumoto VII, who was also a noted kabuki actor.

"My grandfather loved foreign lands, although he had never been abroad. He even learned a bit of ballet and opera himself."

"One day my grandfather told his Japanese dance students to come to the rehearsal room dressed in western dance outfits, probably leggings or something like that. He had brought chairs on to the stage mats in the dressing rooms, and I believe even had lights fitted on to the mirrors to make the place look more like an authentic western dressing room. The students arrived, rather puzzled in their unusual garb, and there was Anna Pavlova! For a master of a tradition to which western theatre was known literally as the 'theatre of the red-

head', this was no casual thing."

The same enthusiasm of approach characterises Koshiro's own relationship with western theatre.

"When I performed in an experimental Broadway production of the *Man of La Mancha*, I had to tell myself that I was just one actor playing the title role. But at the time I thought if I failed there I would never be able to perform in kabuki again."

His latest encounter with the west has been just as much of a trial and a revelation. For the large part, it has been a struggle with an alien culture and language. "Every day has been an encounter with words, words, words."

"My experience in England has been very refreshing," he concludes.

"Because of it I will be able to start again as an unknown, the way actors should be at the beginning."



Ring confrontation: Hawaiian Akebono (left) faces up to the 18-year-old pin-up, Takahanada

Two important changes in the wrestling scene

## Sumo gets to grips with rising stars

JAPAN'S sumo wrestling scene has grappled with two important changes in the past few months: the retirement of the country's most famous wrestler, Chiyonofuji, and the possibility that a 15-year-old Hawaiian, Konishiki, will become the first foreigner promoted to "yokozuna", the most senior sumo rank.

The departure of Chiyonofuji, known as "the Japanese Wolf", pushed a new generation of younger wrestlers into the dohyo, or ring, and two (pictured) have already been marked for greatness.

Akebono, to the left in the photograph, is also Hawaiian, and the other, Takahanada, is the 18-year-old boy of the moment.

The hope is that the rise of these two potential champions will attract popular interest that could have strayed with the departure of Chiyonofuji.

Takahanada has been remarkably successful this year, in and out of the dohyo. His baby-face looks have made him the darling of the sumo set, and sales of Takahanada tea caps and sundry other souvenirs have soared.

Like most of the wrestlers, he makes no public comments, though he has con-

tested and was entitled to go to Tokyo for a national contest, but was denied permission to participate.

Another large challenge is presented by the bulky shape of Konishiki, who has been on the fringe of promotion to yokozuna for the past two years.

His Japanese fans say that he should have already been promoted, but there is a faction on the promotion committee that refuses to promote a foreigner to the top rank.

More of a problem has been Konishiki's inconsistency. He has won two tournaments, but has failed to repeat the success.

He generally wins a majority of his bouts, and was the pack in the May tournament, but faltered on the final day. He has now run-ner-up on seven occasions.

The departure of Chiyonofuji, who won more bouts (1,045) than any other wrestler in the history of the sport, was handled with appropriate style. He had lost unexpectedly to Takahanada, and retired two days later, saying that he could no longer continue.

The issue arose again this month when a Japanese schoolgirl won a regional sumo

contest and was entitled to go to Tokyo for a national contest, but was denied permission to participate.

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Robert Thomson

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SOVIET UNION

# Signs that world events are forcing a softer policy

BEFORE Mikhail Gorbachev arrived in Tokyo this spring on the first visit to Japan by a Soviet leader, some Japanese believed 1991 would be the year of a breakthrough in bilateral relations. The Yomiuri newspaper said so in a front page article published on the symbolic day of January 1.

In the event, hopes of a great improvement in ties founded on the same issue which has dogged relations since the Second World War - Japan's claim to four small islands off northern Japan seized by Soviet soldiers in 1945. Even six summit meetings - two more than scheduled - between Mr Gorbachev and Mr Toshiki Kaifu, the Japanese prime minister, failed to resolve the dispute.

But, in spite of this disappointment, there are signs world events are forcing Tokyo to soften its tough policy towards Moscow. It has slightly relaxed its long-standing restrictions on aid by extending help to victims of the Chernobyl disaster and last year to those suffering from shortages of food and medicine. The second package worth ¥16.6bn (\$118m) includes soft loans - which Tokyo maintains a ban on financial aid to the Soviet Union.

This modest easing of tensions is the result of Japan's fear of becoming isolated from the US and western Europe in its policy to the Soviet Union. Tokyo insists that a settlement of the territorial dispute is still a precondition for large-scale Japanese aid for the Soviet Union. It is also concerned about the continuing large presence of Soviet troops in the Far East, arguing that disarmament in Europe has yet to spread to Asia.

**This easing of tensions is the result of a fear of becoming isolated from the US and western Europe**

Nevertheless, Japan would find it difficult to maintain a hard-line ban if the United States and European countries supported a big aid programme. For example, through multilateral aid agencies. Fortunately for Tokyo, western governments are still a long way from agreement on such an aid programme. The Yavinsky aid plan, put forward by Soviet and American economists, has been rejected.



President Gorbachev and Prime Minister Kaifu link fingers in a good luck gesture after signing a joint declaration

port in Germany and France. But the UK and, more importantly, the US, are very sceptical about the merits of large-scale aid until Mr Gorbachev agrees that he is willing to implement radical economic reform. So Japan is in the uncomfortable position of being on the American side of the argument.

For Japanese officials it is not just a question of the northern territories. They have a very hard-headed approach to development aid, insisting that loans should only be made if there is a realistic prospect of being repaid. The point is not to withhold funds in some Scrooge-like way, but to ensure money is not wasted. This line of reasoning has almost every part of western Europe - including Poland, Bulgaria and

Romania - as well as the Soviet Union. A foreign ministry official says that in the Soviet Union's case, the plans advanced for reform are vague and Mr Gorbachev's commitment to them is unclear. Also, massed military forces, including the army, could fight change.

Moreover, western US and western Europe see aid to the Soviet Union primarily as a question of investing in Europe. Russia and the western republics, Japanese officials favourably as investments in the natural resources of Asia and the Far East.

plus scheme to develop a natural gas field off the coast of Sakhalin. The partners would build a pipeline to Vladivostok, the biggest city in the Soviet Far East.

Equally vast is a scheme dating back to the 1970s by Sakhalin Oil and Gas, a consortium of Japanese companies supported by the Japanese government, to develop a gas field near Sakhalin.

**Businessmen return from Moscow overwhelmed by the Soviet Union's economic difficulties**

and pump the gas to Hokkaido, in northern Japan.

But the prospects for these and other mega-projects are poor. Large schemes can only go ahead with financial support and guarantees from the Japanese government. Mitsui says it has yet to start a feasibility study. "It's just an idea at this stage," says an official.

Even small-scale proposals rarely leave Tokyo Maruichi Shoji, a medium-sized trading company, recently announced a joint \$1m joint venture for a fish processing plant in Vladivostok. But an official at the Japan Economic

Trade Organisation (JETRO), estimates there are only about 10 Japanese ventures in the whole of the Soviet Union. Even in Sakhalin island, which is just north of Japan in the Soviet Far East and is frequently cited as a possible location for potential substantial Japanese investments, very few joint ventures have actually been put into operation. They include enterprises in fishing, fish farming and Japanese timber.

Japan's imports - mainly lumber and other raw materials - from the Soviet Union have been steady for the past two years and totalled \$3.4bn in the year to March 1991. But exports have slumped from \$3.1bn in 1989 to \$2.5bn in the year to March, due to the decline in the Soviet Union's ability to pay for goods amid increasing economic dislocation. Unpaid trade debts have been mounting.

Japanese businessmen return from Moscow overwhelmed by the Soviet Union's economic difficulties. Many think that even if government aid were available there may be little point investing in a country where bureaucratic red tape is a major obstacle.

Stefan Wagstyl

CHINA

## That special feeling returns

MOST days this year, a Japanese company has announced an investment, a joint venture or a new purchasing agreement with a Chinese corporation. The companies have been big and small, and the products have ranged from men's suits to supermarkets and, more recently, computer software.

The flow of funds into China has been accompanied by a flow of Communist Party officials to Japan, which has become the most convenient platform for a Beijing government still attempting to convince ordinary Chinese it has international respectability.

Tokyo has been flattered by the attention, as there is an enduring sense of shame, if not a full realisation of the brutal facts, about Japan's war



Qian Qichen: a new era of relations

against China from 1937 to 1945. And there is a sense of frustration that lingering Chinese bitterness has compromised a "special relationship", a relationship important for economic and cultural reasons.

But Beijing has been Tokyo's "special" again. At last year's Aomori summit, Mr Toshiki Kaifu warned against the alienation of China, and Chinese officials had repeatedly encouraged Japanese counterparts to push for an easing of international sanctions imposed after the crushing of the pro-democracy movement in June 1989.

Japanese leaders regularly lectured visiting foreign officials on their "special" understanding of the situation in China, and a year ago, Mr Shin Kanemaru, a heavyweight in the ruling Liberal Democratic Party, did a hop from Taiwan to Beijing, and sought to present himself as a mediator in the reunification of China.

Mr Kanemaru was getting a little carried away. In spite of appearances, Beijing has not forgiven Japan for its wartime barbarism, and elderly communist officials, who increased their influence after June 1989, are even less inclined to forgive their younger counterparts.

The "war against Japanese aggression" was, as every Chinese child learns, a moment of high heroism for the Communist Party and for some of the former revolutionaries who still run the country. Japanese companies have correctly recognised that while the communist elders still influence policy in Beijing, they have little control outside the capital, where economic reforms have altered the political landscape and changed the attitudes of local officials.

On the parochial provincial officials are competing for foreign money and are not much bothered whether it comes from Tokyo, New York or London. They have seen the value of economic relations with the

decade, and are willing to allow Beijing to maintain central control over public spending and taxation.

Ms Akiko Murakami, a director of the China section at the Japan External Trade Organisation (JETRO), says that Japanese investors believe that China will remain economically stable even during the inevitable power struggle after the death of Deng Xiaoping. "Many Japanese companies feel that the economy is now separate from the political debate and that China must keep expanding. You can tell people are confident because we are getting calls every day from small and medium-sized companies that are interested in investing for the first time."

She expects this interest to show up over the next year in foreign investment, which rose by a number of projects but fell in total value last year. The new-found confidence has already shown up in bilateral trade figures. Japan's exports to China in the first five months of this year rose 36 per cent to \$2.5bn, while imports from China were 36 per cent higher at \$5.47bn.

Japanese steel makers say their sales of special steels to China will virtually double this year, and car exports more than doubled in the first quarter this year. The Japanese government expects that bilateral trade, which totalled \$4.99bn in the first quarter, will pass the \$20bn mark for the first time this year.

Bilateral trade last year totalled \$18.18bn, down 7 per cent on 1989, which was a record year in spite of sanctions imposed after the troubles in Beijing. Japan's exports to China last year fell 26 per cent to \$6.13bn, and imports from China rose 8.1 per cent to \$12.05bn.

The rise in import value was due partly to the rise in oil prices, reflected in a 24.2 per cent increase in mineral fuel imports, but the bulk of Japanese investment were reflected in a 51.1 per cent increase in imports of machinery, a significant percentage of which is believed to have come from joint ventures.

Last year's decline in trade value, the first since 1986, was blamed more on Beijing's tight control of foreign exchange than on the impact of sanctions. That attitude has been relaxed this year, but Tokyo is still wary of changes in China's import policies, which have fluctuated wildly over the past decade. Imports in imports have been followed by sudden cancellations of foreign supply contracts.

The recent Tokyo visit of Qian Qichen, China's foreign minister, coincided with the announcement of the first Chinese bond issue in Tokyo since June 1989. A spate of new bonds is already scheduled and the renewed access to the Tokyo market gives China important financial flexibility.

Chinese corporations generally do an immediate swap of yen for dollars, as the appreciation of the Japanese currency in the late 1980s hurt Chinese borrowers, some of whom had to reschedule loans from Japanese institutions.

Qian saw a scheduled visit by Mr Kaifu next month to Beijing as ushering in a new era of bilateral relations.

Robert Thomson



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## RICE and GATT

## Going against the grain

THE JAPANESE government has been forced to a corner over the highly politicised subject of rice imports. In recent months it has come under strong pressure from the US to lift its ban on rice imports. But domestically the government faces strong opposition to any relaxation of the ban, from the vocal and powerful farming lobby and from the majority of Japanese consumers.

Widespread opposition to foreign imports comes in spite of the fact that Japanese consumers pay more than six times the world market price for rice as a direct result of the ban and the inefficiency of Japanese farmers.

The rice market provides an easy target for US politicians looking for tangible evidence that government-sanctioned protection still exists in Japan.

The rice problem recently provoked a wider diplomatic row between Japan and the US when a group of US farmers were threatened with arrest for displaying US-grown rice at a Tokyo trade fair.

In fact, Japan is the largest net importer of agricultural products of any country. In recent years the level of protection has been reduced through

removal of quantitative restrictions on citrus fruits. Nevertheless, the OECD estimates that the level of Japanese protection in agriculture is well above the average in OECD member countries.

Japanese politicians have widely accepted that the import ban will be relaxed as part of an agricultural agreement in the Uruguay round of trade negotiations to which agricultural protection remains a major stumbling block. But government officials and politicians describe rice as a "very difficult domestic political issue" and are unwilling to confirm publicly that the ban on foreign imports will be eased.

The official government line remains that it is the dispute between the US and the EC over farm subsidies, not Japan's protected rice market, that has caused the present impasse in the GATT negotiations; and that a gesture to open the Japanese rice market would be counter-productive.

"We have already decided that the rice matter could be solved along with other countries' difficult matters," said Mr Noboru Hatakeyama, vice-minister for international affairs at the ministry of international trade and industry. "But Japan has no export subsidies in the area of agriculture. If Japan concedes on rice, the export subsidies will still remain."

Why is the rice question such a "difficult" issue for Japanese negotiators? The complex reasons behind this overtly protectionist policy include much of Japanese history — politics — and little to do with economics.

Standard justification for food security. Supporters of the rice import ban are quick to point out how much Japan already relies on imports for other staple foods. Japan produces domestically only around a half of its population's total calorie consumption. Only 30 per cent of grain is grown domestically.

The fear of being left without food in a time of crisis is deeply felt. "Right after the Second World War, I still remember there was nothing for us to eat. Many people still share that feeling," said Mr Kousuke Hori, an LDP member of the House of Representatives and agricultural policy specialist.

Japan's small-scale, often part-time, rice farmers would almost certainly be harmed by competition from cheaper foreign rice, in particular from Thailand, if the import restrictions were completely removed. The average farm size is 0.86 hectares, less than 1

per cent of the average US farm size.

Dr Fumio Egatsu, a professor in Tokyo university's department of agricultural economics and a firm supporter of the import ban, argues that opening the rice market would reduce domestic production to at most 2m tonnes a year compared to 10m tonnes at present. There is scope for reducing the costs of rice production in Japan by between 30 and 50 per cent, he calculates. But Japanese rice would still be more expensive than imported rice because of higher Japanese labour costs.

Rice is not only important in Japan as a staple food source. Professor Egatsu argues that the country's social stability will be threatened if cheaper rice imports disrupt rural farming communities. "In Japan social stability is based on the maintenance of rural communities. If rice farming then many of them will be abandoned. This will cause social unrest."

There is a more basic political reason why all Japan's political parties support the ban. Japanese farmers constitute a well organised and powerful political lobby. 50,000 farmers rallied in Tokyo a fortnight ago to oppose a lifting of the rice import ban.

More importantly, the rural vote has a disproportionate weight in the Japanese electoral system. Japan's political map has not been sufficiently redrawn in the past 40 years to reflect the movement of population from rural to urban areas. But there are signs that the political influence of the farming lobby may be declining. The proportion of Japanese households in farming has halved over the past two decades.

While the farmers are the winners from protection, consumers are the clear losers. Yet they do not represent a counter-weight to the farming lobby. "It is not a big political issue for the Japanese people," according to Mr Teruka Ieshikura, executive director of the Zenchu, the central union of the agricultural co-operatives. Rice takes only 1.5 per cent of the average Japanese household's weekly budget; and recent opinion polls suggest that most Japanese support the import ban. According to Zen-

chu, recent poll evidence shows only 17 per cent of Japanese favour liberalisation of the rice market (down from 30 per cent last year), though there is also a growing popular recognition that the ban on rice has become an important source of trade friction.

Politically there has been little to gain and much to lose by upsetting the farmers. The Liberal Democratic Party has been careful to maintain close links with the farming lobby; and the opposition Democratic party, formerly the Japan Socialist Party, is, if anything, more protectionist.

But Japanese industrialists are a powerful lobby; and they are increasingly frustrated that trade negotiations are being hampered by protection of inefficient farmers in Japan and elsewhere.

The Keidanren, the employers' federation, is one of the few important groups publicly to support a liberalisation of the rice market. But it does not argue that the rice market should be immediately opened to imports. Mr Kozo Uchida, managing director of the Keidanren, argues that the domestic market should be deregulated first, "to provide an opportunity for Japanese rice producers to become internationally competitive."

The government is expected to agree to a short-term import target of around 3 per cent of total rice sales with vague promises of further increases. Anything more would be politically risky for the LDP.

Edward Balls

JAPAN'S overseas development assistance (ODA) has been a source of Japanese pride in recent years. The government claims that through its aid policy Japan is playing a politically responsible, but non-military, role in the world, increasingly consistent with its economic strength.

Yet Japan's aid policy has been a regular target for criticism from the US and other recipient countries, particularly in Asia.

The criticism focuses on what is described as the poor quality of Japanese aid — its preference for loan aid rather than grants and its bias towards spending on infrastructure rather than on education and health.

Japan's rise to become the world's leading donor in ODA has taken a knock in recent weeks with the announcement that Japan fell into second place in 1990. In fact, Japan was ranked only 12th in the OECD development assistance committee's list of donor countries in terms of its ODA to GNP ratios in 1990.

Japan has also fallen behind on its five-year commitment to increase aid spending by \$50bn between 1986-1992. The ministry of finance said Japan was unlikely to meet the target which would require a further \$23bn of spending this year.

The aims of Japan's ODA policy appear to have been broadened recently, against a background of international criticism of Japan's inactivity during the Gulf crisis.

April 1991, Mr Toshiki

Kaifu, the Japanese prime minister, spelled out a number of criteria which will be taken into account in allocating ODA: the non-proliferation of weapons of mass destruction; democracy; market orientation; and record on human rights.

Mr Seiichi Nagatsuka, senior deputy director of the ministry of trade and industry's economic co-operation division, explains that Japan has traditionally taken a "hands-off" approach to aid.

"The purpose of Japanese aid is to support economic development, not to press Japan's views on politics or human rights on developing countries. Japan is going to follow a little more the more conventional pattern of aid. We are being a bit more egoistic," he said.

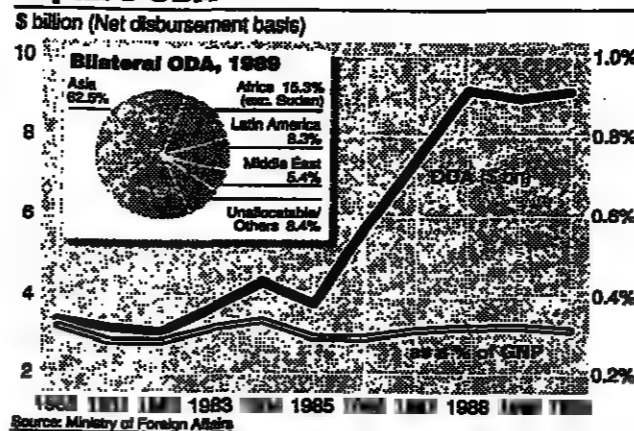
Recently Japan has attached human rights and environmental conditions to an ODA loan for the first time. A \$250m loan to build a dam in Koto Panjang in Sumatra, Indonesia, has been held up by Japan until the Indonesian government agrees to compensate, and obtains the consent of, 15,000 people who will be displaced. Japan has also requested the repatriation of 30 Sumatran elephants whose habitat will be destroyed.

This decision may reflect the

## OVERSEAS DEVELOPMENT ASSISTANCE

## Pride dented by criticism

## Japan's ODA



Source: Ministry of Foreign Affairs

new policy; but the Japanese government is also being more cautious after its recent uncomfortable experience with the Narmada dam project in southern India. Japan has been forced to suspend its share of the finance for this joint project with the World Bank following opposition to the dam from environmental groups in India and Japan.

Mr Kazuo Sumi, professor of international law at Yokohama and a critic of Japanese ODA, argues that Japan has consistently used development aid to serve the economic interests of

Japan rather than of the developing countries; and that, in practice, much of Japan's aid contracts tie the recipients to spending the aid on purchases from Japanese companies.

Originally, Japanese foreign aid took the form of reparations to the east Asian countries that suffered at the hands of the Japanese during the war. In 1989, 62.5 per cent of Japan's total bilateral ODA went to countries in Asia, down from 75 per cent in 1980. But in 1989 Japan was the largest single donor to the least developed countries; and

the share of sub-Saharan Africa in total bilateral aid virtually doubled in the 1980s.

A recent report on Japan's aid policy by the OECD development assistance committee (DAC) welcomed the recent growth in Japan's aid spending and its rising "quality".

Mr Nagatsuka points out that the percentage of tied loans has fallen from 100 per cent in 1979 to zero in 1990; and the share of Japanese companies in total procurement had fallen to 27 per cent in 1990 from 55 per cent in 1987. "I think we can say that the share of untied aid is highest in Japan," he said.

Still, Japan has the lowest share of grants of all the DAC member countries — 43 per cent compared to a DAC average of 76 per cent, though the percentage of ODA in grants has also risen in recent years. The severe shortage of Japanese staff available to work in developing countries is one important reason for the low percentage of aid spending on labour-intensive areas such as education and health.

The organisation and implementation of Japanese ODA has come under severe strain as the aid budget has increased. The DAC report expressed "concern about the capacity of the Japanese aid

system to manage a rapidly growing, large aid programme". Between 1979 and 1989 total ODA staff rose by 41 per cent to a mere 1,490. During this period the total ODA budget rose by 240 per cent and the total number of projects by 64 per cent.

The ministry of foreign affairs 1990 ODA report concludes that "any comparison with the other industrialized nations makes it apparent that Japan cannot claim to have adequate resources of personnel". Yet the ministry of finance remains unwilling to recruit levels.

This unwillingness is a reflection of the fractured organisation of Japan's ODA administration. The ministry of finance is responsible for monitoring the aid budget; but responsibility for disbursement and effectiveness of ODA is shared among the ministry of foreign affairs, the ministry of trade and industry and the Economic Planning Agency.

As important in explaining the staff shortage is the difficulty of finding Japanese who are willing to travel abroad to work in developing countries. Life in Japan is comfortable; and Japanese companies are often unwilling to recognise periods spent working abroad. Spending two years abroad means one has lost two years on the careers ladder, a government official explained. "Work with aid is not considered an elite job."

Edward Balls

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## JAPAN 12

Emiko Terazono on education

## Evening out differences

BEING different can be difficult in Japan. This is particularly true within the rigid educational system.

Japanese children who have returned to Japan after secondary education overseas are apt to discover this. The systems are so different that when I returned to Japan at the age of 10 in 1976 after five years in London, I was shocked to find out that what I had learned at Putney Park School, in southern London, was virtually irrelevant.

At Putney Park, I learned to write essays and poems, my times table, make Christmas cake, tap dance and play netball. But once thrown into a Japanese public school these skills proved to be of no use, and the inability to speak, read or write Japanese made me a complete outcast.

The number of "returnees", or children of expatriates, has increased over the past decade in line with the number of Japanese companies expanding their worldwide networks. According to the ministry of education, in the year to March 1990, the number of students returning abroad rose to 11,450, up 74 per cent from 1980.

This increase has led to a change in attitudes within Japan. Education for returnees was seen up to a national project by the ministry of education in the 80s. The number of schools in Japan, with special programmes for returnees, more than doubled to 256, and overseas full-time and Saturday class Japanese schools for children of expatriates have increased from 111 in 1987 to 231 this year.

But in 1976, returnees were still uncommon, and I was one of 4,500 children who returned that year. Most of my friends who came home around the same time also had similar experiences of being bullied or ostracised at school.

In a system where one is told over and over again to conform, ordinary Japanese children seem to be intolerant of those who are different. The presence of someone who blew her nose with a handkerchief instead of tissue paper, or tried

to put a thermometer in her mouth instead of under the armpit, was that of an alien, and my classmates called me *gaijin*, or foreigner.

Recently, the returnees, *kikokushijo* as they are commonly called, are accepted as those who lived several years abroad, are fluent in English or other languages and hence have a different accent and mannerisms.

In the business world the returnees now have more opportunities. Previously companies were reluctant to hire returnees as they were thought unable to work in groups. But in the past five years, companies trying to "internationalise" have started to recruit bilingual or trilingual returnees familiar with Western

## At a Japanese public school skills learned in England proved to be of no use

lifestyles and cultures.

During the recruitment season in the summer of 1987, I discovered that being a returnee made job interviews much easier. On my second interview with Mitsui Bank, the general manager of the personnel division waved his arms in the air and said: "A person like you is most welcome!" Finally, when I decided to join the Bank of Tokyo, I found that including myself, four of the five selected women for career-track jobs were returnees.

But while there seems to be a wider acceptance of returnees, Japanese children overseas are less eager to blend in with overseas communities. Mr Makoto Kiyoshima at Japan Overseas Educational Services, a foundation backed by the foreign ministry and the ministry of education, says that this reflects the attitudes of the parents who fail to participate in community activities, or communicate with neighbours.

Previously, Japanese who were sent overseas, thought themselves pioneers, and tried hard to blend in with local customs and to contribute to communities. Now that is changing,



English lessons: a Japanese student at Putney Park School

ing, and the children are making fewer friends in their local communities," adds Mr Kiyoshima.

Instead, more and more expatriates think that their stay is only temporary, and try to recreate Japan in foreign lands. Japanese expatriates in New York talk in Japanese in Japanese colleagues at the office and socialise with Japanese friends. A Japanese man will play with Japanese friends, read Japanese comics, and go to Japanese-run cram schools to prepare for examinations in Japan.

"Some Japanese local schools are now complaining that Japanese children, tired from their late nights at cram schools, would sleep during class hours," says Mr Kiyoshima.

A few private boarding schools, such as Gyousei International in London, and Seijou Gakuen in Colmar, France, have managed to take the complete Japanese educational system abroad. Japanese students escape the competitive system and enjoy the luxury of being abroad, while living and studying in a complete Japanese environment. A result of such programmes is that the number of returnees dropping out of schools in Japan has declined drastically.

Returning students are acutely aware of the tragic stories of the bullying of children who do not fit the Japanese norm, and so they attempt to be as Japanese as possible. Ms Yoko Tanaka, who has been teaching the private Seikai Elementary School's special class for returnees for 25 years, says that recent returnees have not absorbed as much of the different cultures as her past students.

Michiyo Nakamoto compares UK schools with those in Japan

## A lesson in independence

JAPANESE parents who enrol their children in English schools quickly discover that differences between the educational system in Japan and the UK can be greater than they had feared.

My experience of sending two boys to a private school in London demonstrates that the differences in standards stem largely from differences in the curriculum and the contrasting attitude of parents and teachers towards education.

Unlike in the UK, at Japanese schools there has always been a highly regulated curriculum drawn up by the ministry of education.

Teaching is systematic with the emphasis firmly placed on learning by rote. By the time students finish primary school at 12, they are expected to have mastered close to 1,000 *kanji*, the Japanese characters, in addition to two sets of phonetic alphabets, not to mention basic mathematics and other subjects.

In contrast, the UK system appears haphazard and lacking in clear-cut goals. Performance

targets, where they do exist, are undemanding by Japanese standards.

The attitude towards academic work in British primary schools is relaxed, with each child progressing more or less at his own pace.

Lessons in Japanese schools progress at the required rate to satisfy the national curriculum. From an early age, children falling behind will have extra work to do.

Communication between parents and the UK school is also often minimal. At the London private school my children attend parents are given far less information on lessons and their child's progress than would be expected in Japan.

To my knowledge there is no parent-teacher association. In

the eight months since enrolment, parents have not been invited to attend a lesson, although there have been displays of the children's work.

The kindergarten my sons attended in Japan expected parents, usually the mother, to be available to watch lessons at least once every month. One-to-one meetings with teachers were also held once a term. In addition, fathers were frequently invited to attend lessons on Saturday.

There were more PTA meetings than I could keep up with and the kindergarten even provided a monthly seminar for parents on various topics ranging from discipline to healthy eating habits.

Parent involvement at the primary school level is often

greater, particularly if the school is a private one.

Yet in spite of the considerable problems their children are likely to face when they return to Japan, a growing number of Japanese expatriates are sending their children to British schools.

They do so in the hope, not only that their children will learn to speak English, but also that the experience will broaden their perspective.

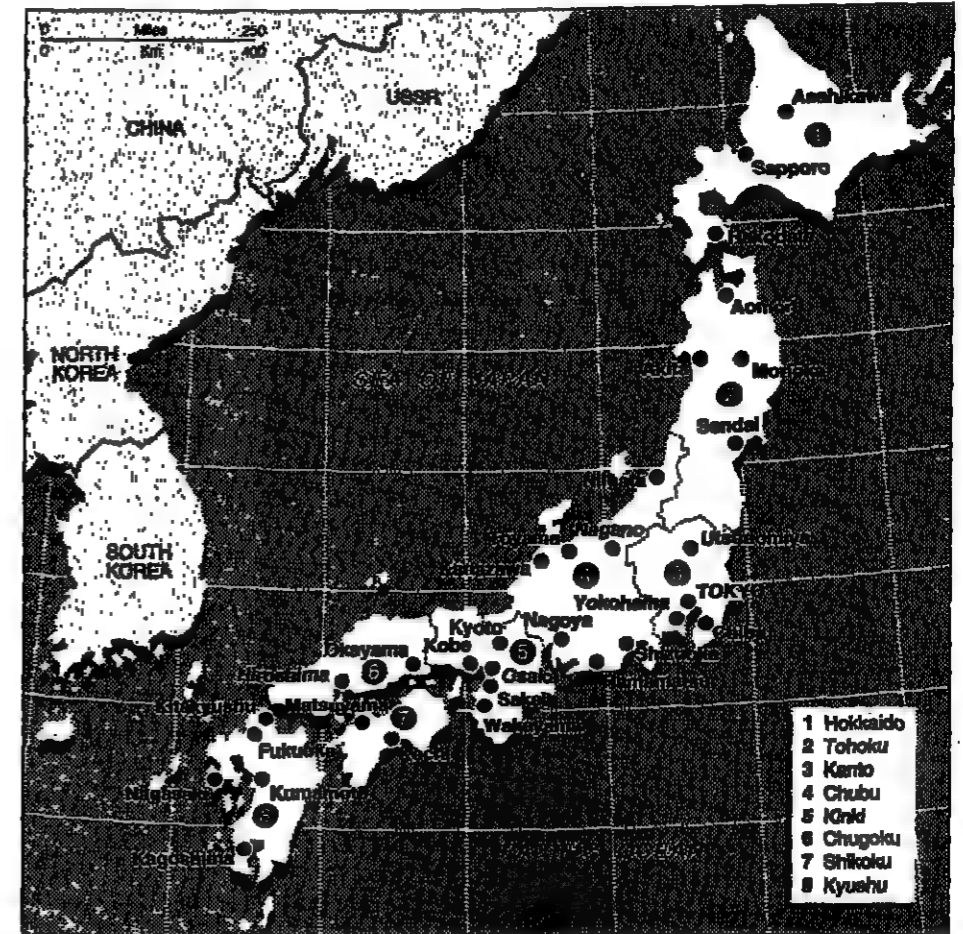
Many Japanese parents, including my husband and I, who have been through the rigours of the Japanese education system are happy to see their children educated in the British school environment which fosters independence and creativity - qualities that tend to be overlooked at schools back home.

They are counting on the happy prospect of a carefree childhood complemented by a more rigorous academic life in Japan at a later stage.

The hope is on in spite of evidence which suggests that more often than not such parents are in for a nasty surprise.

KEY FACTS	
Area	377,815 sq km
Population	123.12m
Average exchange rate	1990 ¥144.76
ECONOMY	
Total GDP (Ybn)	1989 1990
Real GDP growth	+4.7 +5.6
Components of GDP (%)	
Private consumption	57.3 58.7
Gross fixed investment	30.7 32.3
Stockbuilding	0.8 +0.8
Government consumption	8.1 8.9
Exports	14.3 15.0
Imports	-12.2 -13.6
Consumer prices	+2.3 +3.1
Unit labour costs	+0.0 +2.1
Industrial wage rates	+5.8 +5.4
Industrial production	+6.2 +4.5
Unemployment rate	2.3 2.1
Reserves minus gold (\$bn)	83,957 78,501
Narrow money growth (% pa)	+4.5 3.2
Broad money growth (% pa)	+10.0 +11.5
Discount rate (% pa, year end)	4.25 6.00
Govt bond yield (% pa, avg)	5.05 6.35
FTA Share price index	+16.5 -40.4
Current account balance (\$bn)	67.64 35.17
Exports (\$bn)	270.36 280.13
Imports (\$bn)	192.97 216.34
Trade balance (\$bn)	77.42 63.79
Main trading partners	
US	31.7 22.5
West Germany	8.2 8.2
France	2.1 2.1
UK	4.8 3.8
Hong Kong	4.6 0.9
Singapore	3.7 1.5
EC	16.8 15.0

Notes: 1 Annual percentage change over previous year. 2 Unemployment rate as a percentage of the labour force. 3 Percentage change on December 31 over same day in previous year. 4 The percentage share of trade in 1990. Source: JET, Chubu, Economic Intelligence Unit



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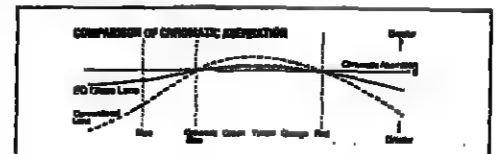
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